

Circular

Istanbul, 4 October 2017

Circular No: 108

Subject: Regulations on Income Tax Law within the draft law containing amendments to certain tax laws.

The regulations on Income Tax Law (ITL) within the draft law presented to the Grand National Assembly of Turkey on 27 September 2017 are provided below:

- Decreasing the lump sum rate existing in the Article 74 of ITL and applicable on rental income (real property income) to 15 % from 25 % is proposed.

It is indicated in the draft that this regulation will be enacted as of its publication date to be applied on the income acquired following 1 January 2017.

- Increasing the tax rate applied on the 3rd income bracket to 30 % from 27 % is proposed. This amendment will be applied on the income acquired following 1 January 2017 for the incomes other than wages.

Pertaining to the draft's temporary Article 3, it will be applicable as of 1 January 2018 for the wage income as well.

- For the ones seeing their net income lowered under TL 1.404,06 for the months September, October, November and December of 2017 caused by the income tax tariff, compensation of that amount through additional minimum living allowance is proposed.

This regulation will be enacted as of its publication date to be effective from 1 September 2017.

Our explanations provided above include general information on the issue. No responsibility can be claimed against EY and Kuzey YMM ve Bağımsız Denetim A.Ş. due to the implications arising from the context of this document or emerging with respect to its context.

Best Regards,

KUZEY YMM VE BAĞIMSIZ DENETİM A.Ş.